

EARLY WARNING REPORT

Made Pursuant To Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, National Instrument 62-103 – *The Early Warning System and Related Take-Over bid and Insider Reporting Issues* and Section 102.1 of the *Securities Act* (Ontario)

This report is made pursuant to the provisions of the securities legislation referred to above in connection with certain acquisitions of securities of Caracara Silver Inc. (“Caracara”).

1. Name and address of Offeror.

Pinetree Capital Ltd. (“Pinetree” or the “Offeror”)
The Exchange Tower
130 King Street West, Suite 2500
Toronto, Ontario M5X 1A9

2. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

As a result of a share distribution by Southern Andes Energy Inc., the Offeror acquired ownership of 5,222,347 common shares of Caracara (the “Common Shares”) representing approximately 10.3% of the total issued and outstanding common shares of Caracara as of April 27, 2012.

3. Designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release.

Immediately following the acquisition noted in item 2 above, the Offeror, together with its joint actors, owns an aggregate of 8,722,347 common shares of Caracara, including the Common Shares, and rights to acquire an additional 1,250,000 common shares upon exercise of certain convertible securities (the “Convertible Securities). Of these totals, the Offeror owns 8,222,347 common shares of Caracara, including the Common Shares, and the Convertible Securities directly. In the event that the Convertible Securities are fully exercised, the holdings of the Offeror and joint actors represents a total of 9,972,347 common shares of Caracara, or approximately 19.1% of all issued and outstanding common shares as at April 27, 2012, calculated on a partially diluted basis assuming the exercise of the Convertible Securities only. In the event that the Convertible Securities are fully exercised, the direct holdings of the Offeror represents a total of 9,472,347 common shares of Caracara, or approximately 18.2% of all issued and outstanding common shares as at April 27, 2012, calculated on a partially diluted basis assuming the exercise of the Convertible Securities only.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(a) the Offeror, either alone or together with any joint actors, has ownership and control;

See 3. above.

(b) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and

NIL

(c) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership

NIL

5. (a) The name of the market where the transaction or occurrence that gave rise to the news release took place.

N/A

(b) The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:

See Item 9., below

6. The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.

The Common Shares noted in item 2. above were acquired as a result of the distribution noted in item 2. above. The Offeror, or its joint actors, may from time to time acquire additional securities of Caracara, dispose of some or all of the existing or additional securities it/they hold(s) or will hold, or may continue to hold its/their current position..

7. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, or disposition or voting of any of the securities.

The Common Shares noted in item 2. above were acquired pursuant to a distribution by Southern Andes Energy Inc. held by Southern Andes Inc. on the basis of 0.449 of a common share of Caracara for each common share of Southern Andes held by each Southern Andes shareholder on April 10, 2012.

8. Names of joint actors in connection with the disclosure required in this report.

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9. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror.

N/A.

10. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements of Part 4 in respect of the reporting issuer's securities.

N/A

11. If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance.

N/A.

DATED as of the 27th day of April, 2012.

PINETREE CAPITAL LTD.

“Richard Patricio”

Richard Patricio
Vice-President, Legal & Corporate Affairs